

Message Text

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ACTION COME-00

INFO OCT-01 ARA-06 EUR-12 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-02

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 AF-06 EA-06 NEA-09 OIC-02 /126 W
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P R 251620Z FEB 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 7853

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 1396

E.O.11652: N/A

TAGS: ETRD, BR

SUBJECT: RECENT GOB TARIFF INCREASES

REF: STATE 22053

1. SUMMARY: CABRAL DE MELLO, CHIEF FONOFF ECONOMIC DEPARTMENT, HAS ACKNOWLEDGED THAT INCREASES ARTICLE XXVIII NEGOTIATED TARIFFS HAVE BEEN MISTAKE, AND PROMISED FONOFF WOULD PRESS FOR PROMULGATION GATT SCHEDULE 3 RATES AS SOON AS POSSIBLE. EMBASSY WILL FOLLOW UP WITH FINANCE MINISTRY TO URGE EARLY PROMULGATION. END SUMMARY.

2. ON FEBRUARY 21, EMBASSY OFFICERS MADE FORMAL PRESENTATION ON RECENT GOB TARIFF INCREASES TO AMBASSADOR CABRAL DE MELLO, CHIEF FONOFF ECONOMIC DEPARTMENT.
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CABRAL DE MELLO WAS ACCOMPANIED BY ACTING CHIEF FOREIGN

TRADE DIVISION, BARTHEL-ROSA, WHO HAD JUST RETURNED FROM TNC MEETING IN GENEVA.

3. ELABORATING ON ARGUMENTATION REFTEL, ECON COUNSELOR RECALLED EARLIER DISCUSSION THIS SUBJECT WITH MINISTER NOGUEIRA BATISTA AND COMMERCIAL COUNSELOR'S PRESENTATION TO CUSTOMS POLICY COUNCIL. COUNSELOR SAID US WISHED, IF POSSIBLE, TO RESOLVE ISSUE THROUGH BILATERAL CONSULTATIONS IN PREFERENCE TO HAVING RECOURSE TO PROCEDURES UNDER THE GATT. USG HOPED SCHEDULE 3 LIST COULD BE PROMULGATED AT VERY EARLY DATE; HOWEVER USG WISHED TO REQUEST THAT GOB TAKE IMMEDIATE SPECIAL MEASURE FOR US FRUIT, FOR WHICH MARKETING SEASON IS NOW UNDER WAY, IF THERE SHOULD BE FURTHER DELAY IN PROMULGATION OF LIST.

4. CABRAL DE MELLO ACKNOWLEDGED THAT TARIFF INCREASES UNDER DECREE LAWS 1334 AND 1364 WERE CONTRARY TO AGREEMENTS OF 1970 ARTICLE XXVIII NEGOTIATIONS, CONCEDED THAT MORE THAN SUFFICIENT TIME HAD PASSED FOR GOB TO PROMULGATE GATT SCHEDULE 3. (NEGOTIATIONS WITH OTHER COUNTRIES WERE COMPLETED LAST SPRING.) HE "WOULD HAVE TO INSIST" WITH CUSTOMS POLICY COUNCIL THAT LIST NOW BE PROMULGATED FORTHWITH. AS FAR AS HE KNEW, DELAY WAS ONLY DUE TO ADMINISTRATIVE AND TECHNICAL REASONS: IF NECESSARY, MATTER WOULD BE TAKEN UP WITH FINANCE MINISTER SIMONSEN TO CUT THROUGH FURTHER DELAY.

5. IN COURSE OF DISCUSSION, CABRAL DE MELLO SAID FOREIGN MINISTRY HAD ORIGINALLY BEEN UNDER IMPRESSION THAT SCHEDULE 3 RATES WOULD BE EXCLUDED FROM TARIFF INCREASES: ONLY AFTER PUBLICATION OF DECREES HAD MINISTRY LEARNED THAT NEGOTIATED RATES, NOT YET PROMULGATED, WOULD BE INCREASED. HE THOUGHT FINMIN AND CUSTOMS POLICY COUNCIL NOW RECOGNIZED THAT INCREASES WERE A MISTAKE.

6. EMBASSY OFFICERS EMPHASIZED SEVERELY DISRUPTIVE EFFECT OF RECENT TARIFF INCREASES ON US FRUIT EXPORTS. TARIFF INCREASES ON APPLES AND PEARS, WITHOUT PRIOR CONSULTATIONS, WERE PARTICULARLY DIFFICULT TO UNDERSTAND, GIVEN LIMITED OFFICIAL USE

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LONG STANDING US REQUEST TO GOB FOR SEASONAL CONCESSION ON THESE TWO PRODUCTS.

7. AFTER MEETING WITH CABRAL DE MELLO, BARTHEL-ROSA TOLD ECON COUNSELOR INFORMALLY THAT CUSTOMS POLICY COUNCIL HAD ADVISED ARTICLE XXVIII AGREED RATES WOULD BE PROMULGATED "SHORTLY". BARTHEL-ROSA CAUTIONED THAT THIS WAS ONLY AN INFORMATIONAL CABLE, NOT AN OFFICIAL

MINISTERIAL RESPONSE. HE SOULD ENDEAVOR TO FIND OUT
WHAT "SHORTLY" MEANT.

8. COUNSELOR AND FINATT ARE FOLLOWING UP WITH APPROPRIATE
OFFICIALS IN FINANCE MINISTRY TO PRESS FOR EARLY PROMULGATION.
CRIMMINS

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Message Attributes

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